

AMSELCO MINERALS INC.  
MEMORANDUM

To: D. J. Duskin

Date: July 7, 1987

From: J. P. Padgett

Subject: Acquisition of USFS Tract 60-d at Barite Hill

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In a memo dated October 31, 1986, W. L. Gunter outlined the procedure required to obtain the USFS Tract 60-d at Barite Hill by a land exchange program. As he pointed out, among the advantages to Amselco of the property acquisition are:

1. Control of an important property between the Catawba and Rainsford tracts.
2. Ownership of low-cost land for possible mining facilities.
3. Avoidance of lengthy administrative work required to conduct mining activities on or near federal lands.

In light of our current exploration success at Barite Hill and our newly acquired joint venture agreement with Hawk Resources Ltd., the possibility of future mining activity at the property has substantially increased. Thus, the advantages outlined above are more pronounced. For example, the mining facilities as currently envisioned will be situated on the Catawba tract. The cost of purchasing land would be approximately \$3,000 per acre. At present, Gunter feels we can obtain the USFS tract for \$1,500 per acre, perhaps less since our exploration of the property has revealed little mineralization potential. Also, our recent discovery of exploration targets south of the tract and potentially important mineralization to the west on the Rainsford tract places the USFS land in a central and rather strategic position.

The USFS has repeatedly expressed the desire to divest themselves of the property by the land exchange program. Should we initiate the land swap procedure with them, the estimated time to complete the transfer will be twelve to eighteen months.

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